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GLOBAL TRENDS IN THE DEVELOPMENT OF FINANCIAL RELATIONS IN “STATE – HIGHER EDUCATION” SYSTEM

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Nowadays there are a lot of discussions about effectiveness of expenditure for supporting the education system and the economic consequences of the decisions taken. Many foreign countries in the context of a long-term financial crisis also face with the problem of limited public funding for low-competitiveness educational programs [1, p. 30]. Especially noticeable reduction of public funding is felt after many years of traditional use of this source of funds in universities.

The main areas of research and professional discussions are related to the approval of such external conditions of the functioning of universities as solvent demand of the population, organizational integration, optimization of the internal structure of the university and management system, the transition to financing by the results of activities, as well as – with the internal characteristics which reflect the transition on the principles of responsible financial management. In a number of countries such as the UK, the USA, South Africa, Finland, Austria – there have already been waves of mergers and acquisitions (M & A) in the field of higher education and accumulated experience. In Ukraine the experience of institution of higher education in this area is still insignificant.

Under the conditions of financial restrictions the state policy of many countries is aimed at giving universities more freedom in managing their own financial resources and developing strategies to attract other (non-public) sources of funding. The relationship between the state and higher education institutions varies by transferring responsibility for growth, innovation and diversification to universities.

At the same time, state institutions still function to establish general directions of development in the field of higher education and its financing. In foreign studies, there is also evidence of a connection between the financial autonomy of universities with the growth their effectiveness.

In recent years, many countries have reformed the financing for higher education. Most of the reforms are related to the change of the mechanisms allocation of resources, mainly due to the desire for direct relations between state resources and the results of the activities of institutions and a competitive approach to the overall allocation of resources.

The countries of Western Europe characterized by strong state control over the system of higher education. Despite the growing trend towards financial independence in the context of the economic crisis, the share of public funds in the budgets of the vast majority of universities in Western Europe remains at about 70%, in Ukraine – about 50% [2].

Under the conditions of economic recession in many countries governments have adopted transformative measures to reduce the budget expenditures for higher education. This led to a reduction wages and social benefits for teachers of institutions of higher education in countries such as the Netherlands, Italy and Hungary. In other countries, budgetary constraints have led not only to reduction wages and social privileges for teachers, but also to reduce funding to support and develop university infrastructure; these changes have affected Ireland and Greece.

Foreign countries tend to reduce the tensions of budgetary resources, using various actions, tools and mechanisms of regulation funding resources for higher education from various sources. Diversification of income is one of the tools of regulation funding resources using various mechanisms, the main of which are given below (Fig. 1).

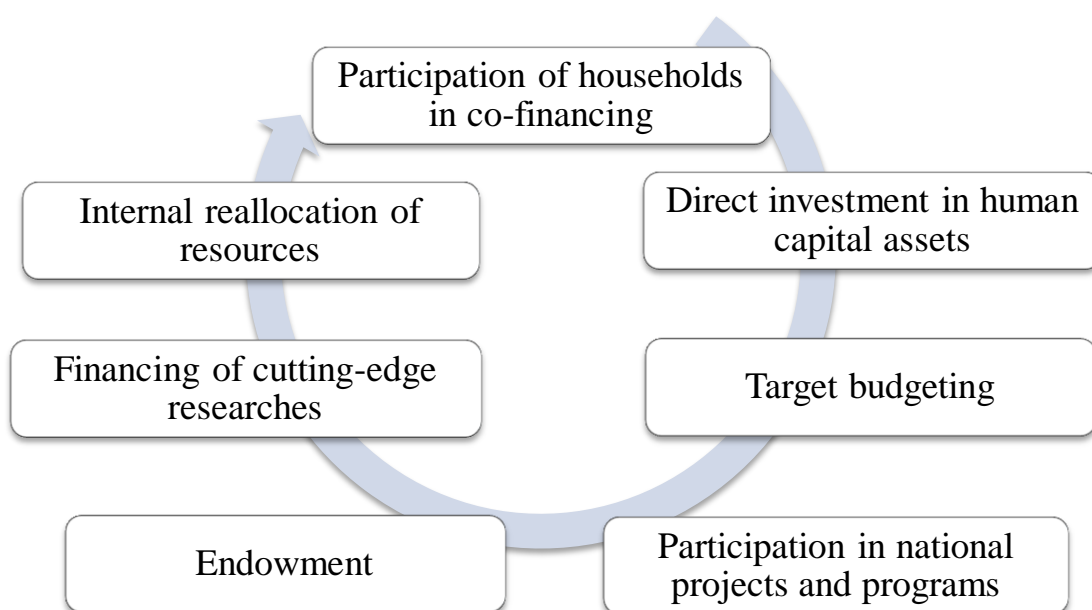


Fig. 1. Diversification of funding resources for higher education

Increased tuition fees and activation of purchasing power of households in co-financing. Many institutions of higher education of some countries for reducing the tensions of their financial resources have followed the path to increasing tuition fees to the maximum (UK, Spain, Czech Republic, etc.). For example, in Poland the share of paid educational services in the income of universities was about 12% in 2016, and in Italy this share is already about 15% [3]. At the same time, the fiscal policy focused on reducing public spendings on higher education. For example, in the UK, with the increase of educational credits, as well as grants to support the standard of living of full-time students, there introduced loans for students of correspondence courses in order to improve the solvency of the population, which is intended to cover the increase in tuition fees.

Innovative models of resource allocation. In order to attract personal funds from citizens, non-state funds, as well as funds and sources of other non-state institutions in the field of higher education many countries are aiming at using innovative models of resource allocation using various financial and non-financial instruments.

For example, in the UK, it is possible to create personalized web pages to accumulate information about achievements, lifelong learning accounts in one place.

Result-based budgeting. Result-based budgeting using the contract system (public task) for the main activity are performance contracts. The countries of Northern Europe (Denmark, Norway, Sweden, Finland) are among the few countries that managed to maintain high quality of higher education and educational programs in conditions of almost complete financing from state resources. For these countries, the general vector that determines the reform of the university funding system was budgeting which focused on achieving the goals set in public tasks (contracts). An example is the Danish universities where the contract system operates for core business – performance contracts. The annual control of the efficiency of the spending of allocated funds under a contract is carried out in Sweden under the guidance of the National Audit Office.

Targeted funding mechanisms. Targeted funding mechanisms are aimed at promoting the participation of universities in state (national) programs. A number of changes in the funding of higher education in individual countries are aimed at promoting the participation of universities in state (national) programs. For example, in the UK, programs are actively being implemented on the development of a network of scientific centers for STEM students (Science, Technology, Engineering, Mathematics), as well as encourage the participation in co-financing of educational organizations, especially after the introduction of the National Scholarship Program.

Endowment. One of the most effective financial instruments that provides stability is endowment. In the western countries, the endowment is an inseparable investment asset in the form of money, capital issues, real estate and other property transferred to non-profit organizations by legal entities or individuals as charitable aid. Further the endowment is placed in financial institutions, invested in capital stocks, capital issues or real estate so that the educational organization can receive annual income in the form of interest, rent or profit. In many countries, this kind of nonprofit organization's income is considered as charitable, so the income from the endowment is not taxed on profit.

Growth of cutting-edge researches. The governments of many countries for the development of priority areas of science allocate financial resources in the form of scientific funds and additional grants which aimed at integrating science and education and supporting the development of science in higher education. They implement initiatives aimed at forming a network of elite universities, create incentives for institutional changes and promote the development of scientific work and scientific research in institutions of higher education (improving staff composition, updating equipment, participation in the technological development, etc.).

Internal reallocation of resources. Strict financial savings bring most countries to withdraw part of the burden from the state and the inevitability of income diversification in higher education. In order to optimize public expenditures in institutions of higher education most countries reduce the audience's burden in favor of independent work of students. These changes in the educational process are aimed at optimizing the funds by reducing the burden on teachers, and hence the reduction of their wages. At the same time funds used to improve the equipment of libraries,

equipment updates, etc. For example, in the UK, due to the termination of HEFCE-funded teaching grants, the government managed to reduce public spending.

In fact, as the analysis shows, foreign countries are trying to expand the opportunities for students, households and businesses to invest in education, that is, to expand the basis of financial support for higher education and to increase the flexibility of the system, rather than pursuing a policy of concentrating efforts solely on the support of leaders.

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